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DE RUEHBH #0611 1352218
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R 152218Z MAY 07
FM AMEMBASSY NASSAU
TO RUEHC/SECSTATE WASHDC 4241
INFO RUEHBE/AMEMBASSY BELMOPAN 0086
RUEHWN/AMEMBASSY BRIDGETOWN 5601
RUEHGE/AMEMBASSY GEORGETOWN 3664
RUEHKG/AMEMBASSY KINGSTON 8532
RUEHPU/AMEMBASSY PORT AU PRINCE 3541
RUEHSP/AMEMBASSY PORT OF SPAIN 4702
RUEHDG/AMEMBASSY SANTO DOMINGO 2821
RUCPDO/DEPT OF COMMERCE WASHDC
RUEHUB/USINT HAVANA 0450

UNCLAS NASSAU 000611

SIPDIS

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STATE FOR WHA/CAR RCBUDDEN

E.O. 12958: N/A

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SUBJECT: BAHAMAS HAS "NO INTEREST" IN CARIBBEAN SINGLE
MARKET ECONOMY

¶1. In a May 14 statement to local press, Prime Minister Ingraham said that The Bahamas has no economic interest "whatsoever" in the Caribbean Single Market Economy (CSME). CSME integration had been heavily promoted in the face of strong domestic opposition by former Foreign Minister Fred Mitchell, with mixed support in the former Cabinet. Ingraham said he had spoken with the Prime Minister of Barbados, who is set to become the CSME chair in July, to convey this change of Bahamian focus away from economic integration, while maintaining the country's interest in cooperation on regional social and cultural issues.

¶2. Ingraham's comments came the same day that new Minister of State for Finance Zhivargo Laing also made a statement regarding The Bahamas' anti-CSME stance. "It just does not fit into the economic and fiscal objectives or regime of the country at all," said Laing. Citing concerns over the freer movement of labor and the potential to stifle Bahamian economic growth, Laing was adamant about lack of Bahamian participation. Like Ingraham, Laing left open participation in non-economic aspects of CSME.

¶3. COMMENT: With ongoing immigration problems, essentially no export market, and an economy stronger than its CARICOM neighbors, The Bahamas stands to gain little though economic integration within the framework of the CSME. Moreover, The Bahamas has no sales or income tax, relying entirely on import duties for its revenue, making any agreement to eliminate import duties a tough sell. The push for integration by former FM Mitchell was a political move based upon his personal vision in favor of regional integration, a goal not shared by the more pragmatic Ingraham government or a majority of the Bahamian people.

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